While the overall economy has suffered from pandemic-necessitated behavioral changes, some industries have been hit harder than others. We estimate that US retail sales will decline by 10.5% this year, and even though the shift to ecommerce will accelerate digital sales to new heights, retailers will grow their US digital display ad spending by only a sluggish 2.3% this year.

Notably, retail advertisers—which make up the largest share of display spending—will boost these investments by just $300 million this year, in spite of increased ecommerce spending by consumers. We estimate total US retail sales will fall by 10.5% this year.
The list of industries increasing—and decreasing—investments in video specifically looks similar. Consumer packaged goods (CPG) advertisers will make the biggest additional investment in video in absolute size, while consumer electronics advertisers will boost spending most on a percentage basis.

The industries contributing the most incremental display ad spending this year include CPG, which is spending to drive additional digital grocery shopping this year; telecom, which is working to attract consumers to subscription products they still have a need for; consumer electronics sellers, which are advertising gear to millions of people working and studying at home; and financial services, which have seen increased interest in various investment and credit products due to the economic turmoil.

“Basic everyday household goods, along with consumer electronics, are two of the product categories consumers are continuing to buy at both brick-and-mortar and digital retailers during the pandemic,” said Nicole Perrin, eMarketer principal analyst at Insider Intelligence. “Brands in the CPG and consumer electronics categories are increasing their spending on digital display ads at much faster rates than that of
Retailers Won’t Increase Digital Display Ad Spend Much This Year, Despite Record Ecommerce Sales

Retail continues to be the leading industry in terms of display ad spending in the US, but it will account for 0.5 percentage points less of the total this year thanks to the pandemic. Industries that continue to see good returns on their ad investments, despite the viral outbreak and economic downturn, are growing their shares of the pie this year. They include telecom (up 1.2 points), consumer electronics (also up 1.2 points), CPG (up 1.0 point) and financial services (up 0.6 points).

Again, retail advertisers will invest an incremental $300 million in digital display advertising in the US this year—but they’ll spend an additional $690 million on digital video ads. What does that mean?

It means retailers will be decreasing their spending on nonvideo display ads in 2020 by almost $400 million. Entertainment and media industry advertisers will also be investing more in video ads as they pull spending from nonvideo display formats this year.
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eMarketer PRO subscribers can view our complete forecasts of digital display ad spending, including device and format breakouts, company revenues and programmatic transaction methods.

Report by Nicole Perrin Aug 12, 2020

US Digital Display Advertising 2020

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